

# FISCAL NOTE

**Bill #:** HB0593 **Title:** Generally revise coal severance tax allocation  
**Primary Sponsor:** Small-Eastman, V **Status:** As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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## Fiscal Summary

	<b><u>FY 2004 Difference</u></b>	<b><u>FY 2005 Difference</u></b>
<b>Expenditures:</b>		
State Special Revenue	\$0	\$0
<b>Revenue:</b>		
State Special Revenue	\$0	\$0
<b>Net Impact on General Fund Balance:</b>	\$0	\$0

<input checked="" type="checkbox"/> Significant Local Gov. Impact	<input checked="" type="checkbox"/> Technical Concerns
<input type="checkbox"/> Included in the Executive Budget	<input type="checkbox"/> Significant Long-Term Impacts
<input type="checkbox"/> Dedicated Revenue Form Attached	<input type="checkbox"/> Needs to be included in HB 2

## Fiscal Analysis

### ASSUMPTIONS:

- Under current law, 7.75 percent of coal severance tax revenue is allocated to a state special revenue account or "shared account". The legislature appropriates these funds for local impacts, library services, conservation districts, and the Growth Through Agriculture (GTA) program.
  - Any unreserved balance reverts to the general fund at the end of each fiscal year.
  - Under current law, no reversions from the special revenue account to the general fund are projected in fiscal years 2004 and 2005. Thus, this bill has no effect on state revenues.
- The bill eliminates funds for the above items, and statutorily appropriate funds in the account to Big Horn, Musselshell, Richland, and Rosebud counties in proportion to coal production in those counties.
- House Bill 177, by the request of the Office of Budget and Program Planning, lowers the allocation to the state special revenue shared account from 7.75 percent to 4.18 percent. The House Appropriations Committee has not taken action on this bill as of February 18, 2003.

**Fiscal Note Request HB0593, As Introduced**  
(continued)

**Coal Tax Shared Account**

	Ex. Budget Allocation	2005 Biennium			
		Current Law 7.75%	Executive Budget 4.18%	Ex. Budget - Curr. Law Diff.	Curr. Law - HB 593 Diff
Commerce - Coal Board	48%	2,284,986	1,232,418	1,052,568	(2,284,986)
DNRC - Conservation Districts	26%	1,219,259	657,613	561,646	(1,219,259)
Agriculture - MT Growth Thru Ag	15%	718,759	387,666	331,093	(718,759)
MSL - State Library Services	11%	527,117	284,303	242,814	(527,117)
HB 593 - Counties with coal mined		-	-	-	4,750,120
<b>Total</b>	<b>100%</b>	<b>4,750,120</b>	<b>2,562,000</b>	<b>2,188,120</b>	<b>0</b>

- The Department of Agriculture funds a 1.00 FTE program manager and a 0.67 FTE administrative support for the GTA Program and thus would have to be eliminated. GTA awards investments in the form of grants, loans and return on investment agreements to promote agricultural development and marketing activities. Loans and return on investment agreements are on going and have future due dates that will still need to be monitored even if the program is eliminated. The program also supports Montana's foreign trade office.
- The Montana State Library would eliminate all coal tax for basic library services, library federation and the statewide periodical database.

**EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:**

**Commerce**

- HB 593 eliminates the "shared coal account" which funds the Coal Board and other governmental entities. Coal impacted communities not specified in HB 593 would lose all grant funding from the Coal Board if the legislature should decide not to back fill the Coal Board with general fund.

**Department of Natural Resources and Conservation**

- HB 593 will eliminate Conservation District funding from the CST Shared Account. This will impact Conservation Districts ability to address the Stream Restoration Act (the 310 program), engineering and legal assistance, administrative grants for operation, and 223 grants for natural resource project. These funds address issues across the state in all 58 Conservation Districts.

**Montana State Library**

- HB 593 eliminates funding for library federations, which support local libraries.

**TECHNICAL NOTES:**

- This bill specifies that coal severance tax receipts deposited in the state special revenue account are to be distributed to Big Horn, Musselshell, Richland, and Rosebud Counties "based on the number of tons of coal mined, as expressed as a percent of the total, from each county." If a coal mine were to open in another county, that county would not receive any of the funds distributed under this bill. Also, the distribution formula would become ambiguous because it is not clear whether the word "total" in the phrase quoted above refers to total tons mined in the four counties or total tons mined in the state.